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Dominican Republic

Solid Wood Products

The Forest Products Market in the Dominican Republic 2002

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Report Highlights:

With limited natural resources, the Dominican Republic imported US\$85 million in forest products in CY 2001. Most of the softwood was U.S. origin, but only thirty percent of the panel products and practically no hardwoods.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Santo Domingo [DR1], DR

Executive Summary

The Dominican Republic, having a population of 8.5 million and a per capita income of just over US\$2,000/year has very limited forest resources and lumber production is insignificant. With an area of 48,700 sq. Km (slightly more than twice the size of New Hampshire) only 13% is forest and woodland. Most of its wood products are supplied from the United States for its quality, phytosanitary safety, its proximity and price. The United States supplies about 65-70% of its wood product needs.

Dominican imports of forest products were estimated at US\$85 million in CY 2001. By the end of CY 2001, this small country in the Caribbean, ranked 13th as the largest U.S. trade partner of forest products in the world. It was the 3rd largest export market in the Western Hemisphere after Canada and Mexico. With a US\$56 million in purchases, the Dominican Republic was the 4th largest market for U. S. softwood and treated lumber in the world. It has a softer position as a panel product importer with heavy competition from South America, but remains in the top 25, ranking 22nd with US\$4 million of imports.

According to some forest product importers the wood market is divided the following way: 18-22% hardwood (Mahogany), 11-15% panel products (plywood) and the rest softwood lumber (pine). The US\$60 million softwood market continues to be dominated by the U.S. products with little competition from Chile (6-8%). U.S. panel products on the other hand hold only thirty percent of the Dominican market with strong competition with less expensive Brazilian (45%) and Taiwan (25%) products. The US\$12-15 million hardwood market is almost exclusively Mahogany coming from Brazil, Nicaragua, Colombia, Costa Rica, Guatemala and Peru.

Construction projects, using softwood, plywood and plywood, occupy an important role in Dominican economy. Although financial costs are high (18-20%/year), sixty percent of the construction is privately financed while the rest is government projects. In the actual building though, the vast majority of urban construction is cement based, wood is used extensively in roof base (joists for tin sheet roofing), doors, windows and kitchen and bathroom cabinets and furniture making. Hardwoods, other than mahogany are insignificantly used. Although there is great potential in using less expensive hardwoods, very little has been done to explore and expand this market.

There is no restrictions on wood imports. According to custom officials and current regulations all woods (softwood, hardwood and plywood) have a basic tariff of 3% (CIF Value). Additional taxes include a 12% value added tax (VAT) and a 4.75% of the CIF value.